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# State of Utah

## DEPARTMENT OF COMMERCE Committee of Consumer Services

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### Utility Consumer Advocates Hold Utility Accountable In Rate Case Settlement

SALT LAKE CITY, UT – Utah's utility consumer advocate, the Committee of Consumer Services (Committee), reached a settlement with Rocky Mountain Power (formerly Utah Power) and other parties which would grant the utility a \$115 million rate increase. If approved by the Public Service Commission of Utah, the increase amounts to 60% of the \$197 million rate increase the utility originally requested and would occur in two phases: \$85 million, effective December 11, 2006, and an additional \$30 million, effective June 1, 2007 – when additional generation and distribution facilities are scheduled to go into service.

In addition to substantially paring down the amount of Rocky Mountain Power's requested rate increase, the Committee worked with other interested parties to secure a settlement that anticipates no change in electric rates until August 2008 and requires the utility withdraw its application for a power cost adjustment mechanism (PCAM). A PCAM would have allowed the utility to pass through to customers much of its purchased power and fuel cost volatility risk. The settlement also reduces the utility's authorized return on equity (ROE) from 10.50% to 10.25%.

"This is a 'milestone settlement' in the Committee's view," stated Committee Chair Dee Jay Hammon. "Not only does it substantially reduce the amount of the requested rate increase, it also builds in greater utility accountability to improve service reliability in Utah."

Since the December 2003 Christmas storm power outage, it has been the Committee's long-term objective to work with the utility to substantially improve electrical service reliability in Utah. Accordingly, a significant portion of the rate increase will be targeted to new capital investment and maintenance expenditures relating to the Utah distribution system such as substations, feeders, transformers, overhead lines, poles and tree trimming.

"The frequency and duration of electrical outages in Utah indicate Rocky Mountain Power is performing poorly in comparison to other U.S. utilities, and needs to make substantial improvements," said Reed Warnick, Committee Interim Director. "We expect the largest electrical utility in the state to not only provide cost-efficient, but reliable service. We look to the new ownership of Rocky Mountain Power to make that happen. The task is not a simple one with the Wasatch Front being one of the fastest growing urban areas in the nation. The utility faces the dual challenge of not only serving that growth but improving the over-all quality of service, as well."